



# INFORMATION TECHNOLOGY ACQUISITION PROGRAM STATUTORY AND REGULATORY PERFORMANCE REPORTING REQUIREMENTS:

A Desk Reference for MHS CIO and PEO/PM Staff

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A comprehensive, results-oriented and performance-based legislative, policy and regulatory framework has emerged for the acquisition of Information Technology assets and capabilities at the federal level in the last decade. The impetus behind this Information Technology (IT) investment management framework includes:

- Budget Enforcement Act of 1990 (BEA)
- Chief Financial Officers Act of 1990
- Government Performance and Results Act of 1993 (GPRA)
- Federal Acquisition Streamlining Act of 1994 (Title V) (FASA V)
- Paperwork Reduction Act of 1995 (PRA)
- Federal Financial Management Act of 1996
- Clinger-Cohen Act of 1996 (Information Technology Management Reform Act and Federal Acquisition Reform Act (ITMRA & FARA) (CCA))
- Balanced Budget Act of 1997 (BBA)
- Government Paperwork Elimination Act of 1998 (GPEA)

The Office of Management and Budget (OMB) and the General Accounting Office (GAO) have issued policy guidance to Federal Agencies relating to many of the reporting requirements included in the above legislation. The guidance includes:

- OMB Circular A-11, Preparation and Submission of Budget Estimates
- OMB Circular A-123, Management Accountability and Control
- OMB Circular A-127, Financial Management Systems
- OMB Circular A-130, Management of Federal Information Resources
- OMB Memorandum M-97-02, Funding Information System Investments
- OMB Memorandum M-00-07, Incorporating and Funding Security in Information Systems Investments
- GAO/AIMD-98-89, IT Performance Management Guide
- GAO/AIMD-00-10.1.23, IT Investment Management

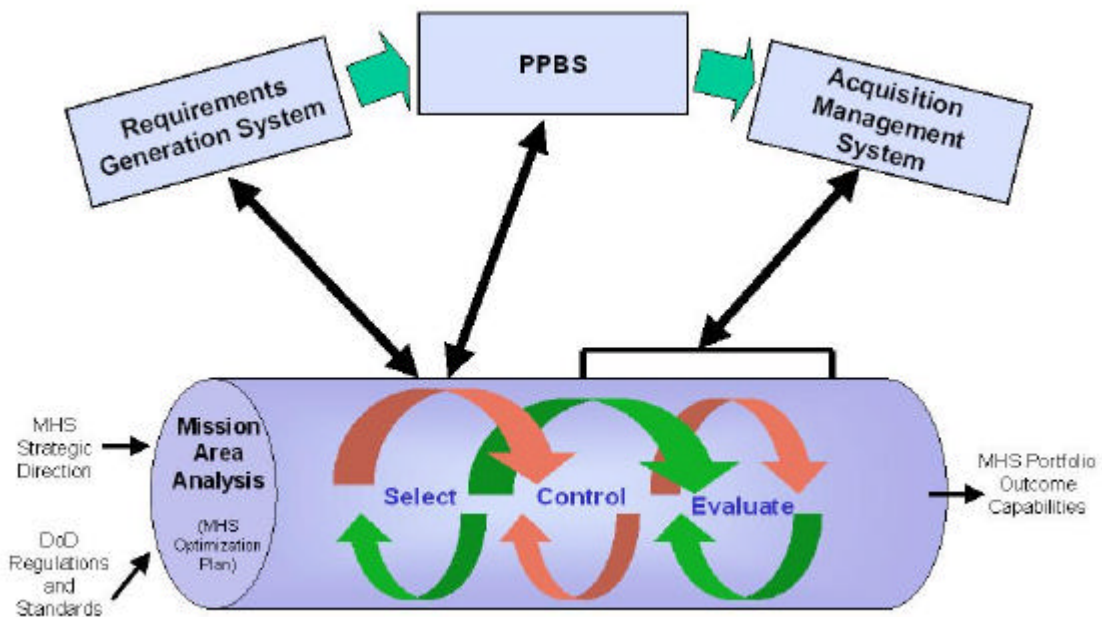
The core intent of this legislation, policy and regulation can be simply summarized:

1. Financial resources are finite and are subject to increased competition (BEA, BBA)
2. A focus on agency mission, strategic goals, performance and outcomes is mandated and is a discriminator for receiving available funding (GPRA and CCA)
3. Agencies must make strategic decisions about all fiscal investments (PRA, Circulars, Memorandum)
4. A quantitative demonstration of "bang for the buck" must be made (CCA, GAO)
5. Agencies must deliver on their capital investment commitments (FASA V, GAO)

IT investment management is described in this framework as a disciplined, life cycle-based planning and investment control process linking together:

- Planning
- Budgeting
- Procurement/Acquisition
- Operations
- Maintenance
- Management-in-use

This mandated IT acquisition process is results-oriented, performance-based (with respect to contract design) and performance managed (with respect to program execution). At the DoD level, this process is illustrated below.

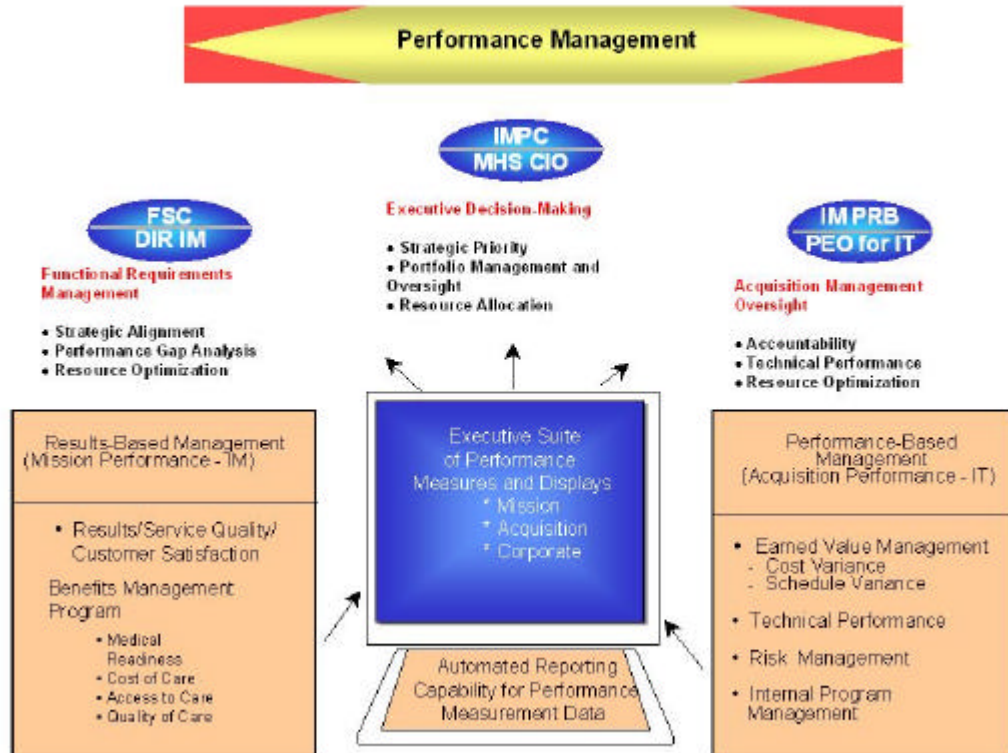


Program Managers and staff are tasked to provide much of the core information required to fuel the focused orientation of the newly defined IT investment management process. Detailed knowledge of strengths and weaknesses in IT project execution cost, schedule and performance is reinforced in the Clinger-Cohen Act of 1996 (CCA) as a fundamental responsibility of management. Performance management entails:

- Formal selection of IT investments based on strategic goals, mission and enabling processes
- Planned cost, schedule and performance goals that are monitored and reported.

At the MHS IM/IT level, the relationships have been initially defined as depicted below.

## Military Health System Information Management and Information Technology



Unless adequate provisions are made in initial project and program planning for generating, collecting, evaluating, using and reporting required performance information there may be a potentially burdensome penalty in obtaining valid and timely data. A greater emphasis on formal requirements generation processes and initial program design is therefore mandated.

The burden and cost associated with developing performance information can be reduced to an easily managed and cost-effective level through "up front" planning and appreciation for the real and potential value of the data thus collected. A substantial impediment to good decision making is uncertainty. Uncertainty and associated risk is mitigated when valid performance information is made available to decision-makers and stakeholders.

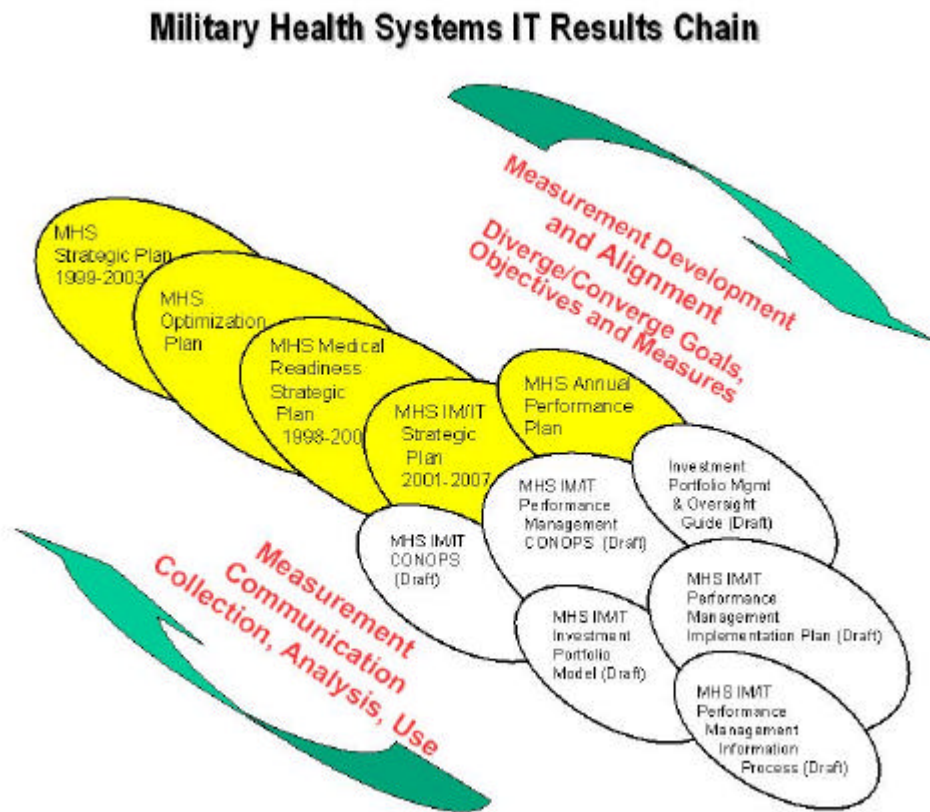
The Clinger-Cohen Act in particular mandates a documented and consistent process for IT investment management. The core of this closed-loop, "select, control and evaluate" process is an "enterprise architecture" (EA) linked to the management and use of quantitative and well structured data. An enterprise architecture is a strategic information asset base which:

- Defines the mission
- Defines the business processes necessary to execute the mission
- Defines the data required to perform the processes
- Defines the applications required to manage the data
- Defines the technologies required to manage the applications

- Defines transitional processes for modernizing and continuous improvement

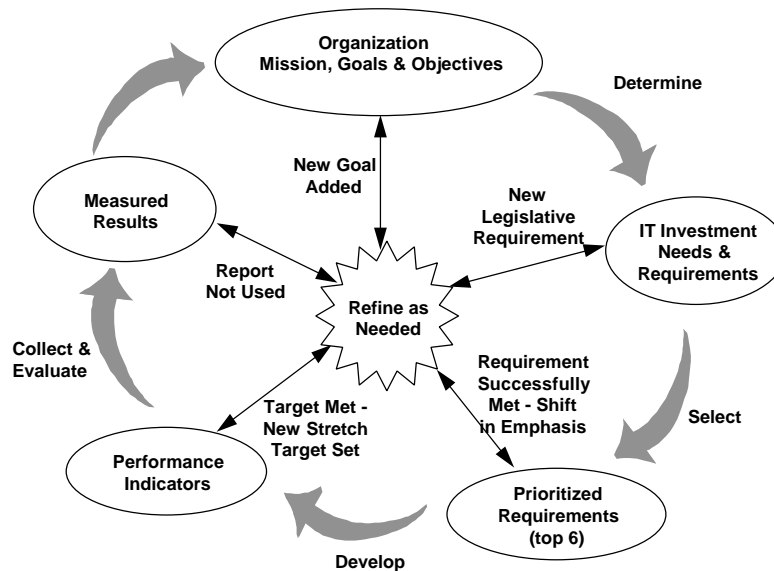
The reported data is translated into information used for making informed allocations of agency resources towards the acquisition of IT capital assets (hardware, software, and technology-based capabilities) that will successfully support execution of the agency mission. A Federal CIO Council (<http://cio.gov>) provides coordination among federal agencies at the agency CIO level regarding implementation of the mandated CCA investment management process.

Within MHS IM/IT there is an established “IT Results Chain” to link goals, objectives and measures. This relationship is depicted below.



The “IT Results Chain” is linked via a cyclic and iterative process. The performance measurement activities occurring within that process are also cyclic and iterative. The graphic below depicts this activity.

## Iterations of Performance Measurement

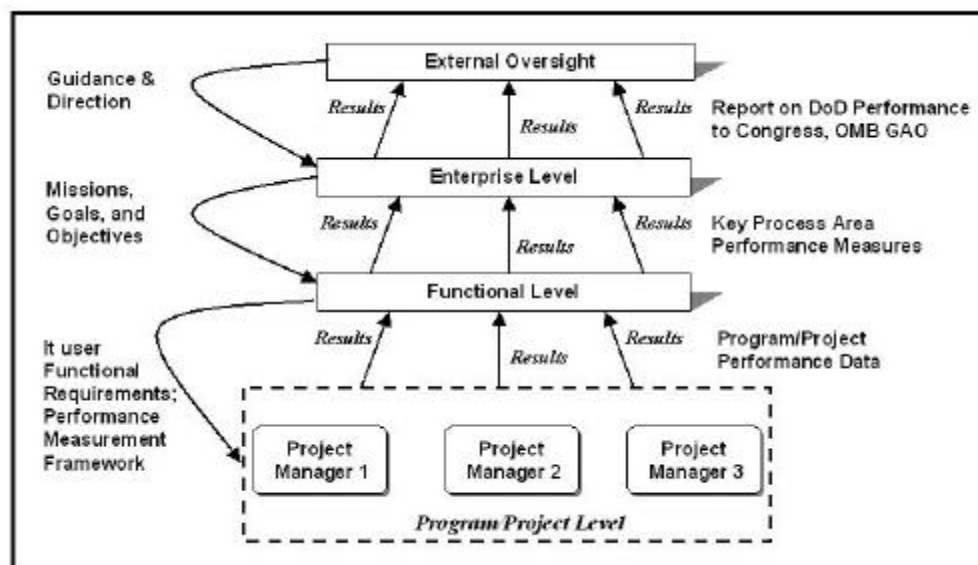


\*Center for Strategic Management, NIH Center for Information Technology - 11/03/99

The Department of Defense has incorporated the emplaced federal legislative and policy framework for IT acquisition program performance reporting into its 5000 (series) directives, instructions and regulations. This mandatory guidance for DoD PM's includes:

- DoDD 5000.1, The Defense Acquisition System
- DoDI 5000.2, Operation of the Defense Acquisition System
- DoD 5000.2-R, Mandatory Procedures for Major Defense Acquisition Programs (MDAPS) and Major Automated Information System (MAIS) Acquisition Programs

The goal is a performance reporting process at DoD that looks like this:



The DoD 5000.2-R regulation also cites and incorporates 125 direct references including:

- Circular A-11
- PRA
- CCA
- GPRA
- DoDD 5000.1
- DoDI 5000.2

Reference is also made to various sections of Title 10, United States Code. The responsibilities of DoD with respect to enforcement of legislated requirements are codified in Title 10. Examples of the referenced Title 10 sections include:

- Section 2435, "Baseline Description"
- Section 2220, "Performance based management: acquisition programs"
- Section 2310, "Definitions"

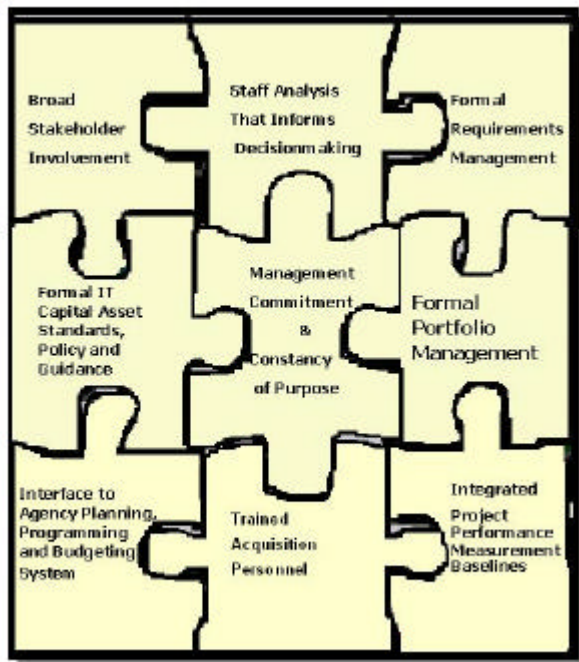
Many of the DoD 5000.2-R references are themselves consolidations of federal and DoD mandatory and discretionary IT acquisition guidance. Their understanding and use will improve a manager's ability to demonstrate compliance with federal information technology investment management legislative and policy requirements. Demonstrated compliance will improve the chances that an IT project will be promoted and continued to a successful conclusion.

The references discussed above are conveniently available at the DoD Defense Acquisition Deskbook. The Deskbook is a web-enabled, single source, authoritative reference site for DoD acquisition professionals. It is found on the Internet at <http://web2.deskbook.osd.mil> and provides working level access to a complete library of relevant acquisition documents. Clarification and detailed guidance pertaining to the workings of the Defense Acquisition System, the DoD Requirements Generation System and the DoD Planning, Programming and Budgeting System is available at the click of a mouse.

A careful reading and reliance on DoDD 5000.1 and DoD 5000.2-R as the prime sources for PM responsibilities regarding performance based acquisition and performance management is required. The MHS IM/IT goal is to collect performance information as a natural byproduct of good internal management activities. Once collected, the information is then made available for multiple uses by stakeholders in carrying out the mandated select, control and evaluate IT management process. The elements of a formal performance management process within MHS IM/IT have been defined and are depicted below.



## IT Investment Management



**A Strongly Linked and Consistently Executed IT Investment Management, Capital Planning and Control Process Is Fundamental To Clinger-Cohen Performance Management Compliance Efforts...**



The Defense Acquisition Executive Summary (DAES) report represents a useful starting point for internal data collection within MHS IT. This report is a quarterly submission for major MAIS projects per DoD 5000.2-R. The DAES report provides a standard, comprehensive summary reporting of acquisition category 1 programs between milestone decision points. It is designed to provide, on a regular and systematic basis, indications of both potential and actual program problems before they become significant. The report follows a standardized format and is automated using Consolidated Automated Reporting System (CARS) software. The format includes eight sections:

- Executive Summary
- Assessment
- Program Manager Comments
- Program Executive Officer and Component Executive Officer comments
- Approved Program Data
- Program Background Data
- Supplemental Contract Cost Info
- Annual Program Objectives Memorandum (POM)/ Budget Estimate Submission (BES) Program Funding Summary

The DAES report forms the nucleus for a program execution performance reporting mechanism. The data elements reported in the DAES make a good starting point for internal program execution performance reporting within MHS IT programs, but does not itself constitute a Clinger-Cohen compliant investment management process. There are other assessment factors needed to carry out the select, control, evaluate paradigm. Measurement of these other results-oriented factors along with performance-oriented program execution data forms the basis of a CCA compliant investment management process.



The CIO is dual tasked by statute and regulation. He is newly tasked with acquisition-related duties as well as duties on behalf of the user community. The user-related duties involve the assessment of mission oriented results with respect to customer satisfaction, economy, efficiency, quality and process improvement resulting from the acquisition and operation of an IT capital asset. To carry out these broad duties the CIO has many possible sources of program information to review including, but not limited to:

- Annual Performance Plans
- Budget Submissions (OMB Circular A-11)
- Program Assessments such as Defense Acquisition Executive Summary's
- Internal Management Control Reviews (OMB Circular A-123)

There is abundant guidance for DoD Senior Managers and Program Managers pertaining to the mandated investment management process and general performance reporting. Less abundant is IT investment management "best practice" information pertaining to the details of organizational practices required to carry out good IT investment management.

The Office of the Undersecretary of Defense for Acquisition, Technology and Logistics is making such information increasingly available to DoD PM's through promulgation of Capability Maturity Models for performing assessments. Further performance management guidance is promulgated by the Assistant Secretary of Defense for Command, Control, Communications and Intelligence (ASD (C3I)) as the Milestone Decision Authority for MAIS programs.

Tables 1, and 2 below depict current mandatory statutory and regulatory information requirements placed on IT PM's as derived from DoDD 5000.1, DoD 5000.2-R and their references for Milestone decision points.

## Statutory and Regulatory Information

For AIS programs, the information in this table except for CCA compliance is regulatory, not statutory, unless otherwise stated or the AIS is a MDAP.

**Table 1 -- Statutory Information Requirements**

<b>Information Required</b>	<b>Applicable Statute</b>	<b>When Required</b>
Consideration of Technology Issues	<u>10 U.S.C.2364</u>	Milestone (MS) A MS B MS C
Market Research	<u>10 U.S.C.2377</u>	Technology Opportunities User Needs MS A MS B
Acquisition Program Baseline (APB)	<u>10 U.S.C.2435</u>	Component Advanced Development Review (DR) (if Program Initiation) MS B MS C (updated, as necessary) Full-Rate Production (DR)
Compliance with Strategic Plan (as part of the analysis of alternatives, whenever practical)	<u>5 U.S.C.306</u>	MS B MS C
Operational Test Plan (DOT&E Oversight Programs only)	<u>10 U.S.C.2399</u>	Prior to start of operational test and evaluation
Cooperative Opportunities (part of acquisition strategy)	<u>10 U.S.C.2350a</u>	MS B MS C
Post-Deployment Performance Review	<u>5 U.S.C.306</u> <u>40 U.S.C.1401</u> et.seq.	Full Rate Production DR
Clinger-Cohen Act (CCA) Compliance (All IT -- including NSS) (See Table 3)	<u>40 U.S.C.1401</u> et.seq.	Component Advanced Development DR (if Program Initiation) MS B MS C Full Rate Production DR
CCA Certification to Congressional Defense Committees for MAIS (See Table 3)	Pub.L.106-259,Section 8102	Component Advanced Development DR (if Program Initiation) MS B MS C Full-Rate Production DR
Registration of mission-critical and mission-essential information systems	Pub.L.106-259, Section 8102 Pub.L.106-398, Section 811	Component Advanced Development DR (if Program Initiation) MS B (if Program Initiation) MS C (if Program Initiation)

Application for Frequency Allocation (DD Form 1494) (applicable to all systems/equipment which require utilization of the electromagnetic spectrum)	<u>47 U.S.C.305</u> Pub.L.102-538, 104 <u>47 U.S.C.901-904</u>	MS B MS C (if no MS B)
National Environmental Policy Act Schedule	<u>42 U.S.C.4321</u>	Component Advance Development DR (if Program Initiation) MS B MS C Full Rate Production DR
Core Logistics Analysis/ Source of Repair Analysis (part of acquisition strategy)	10 U.S.C.2464 <u>10 U.S.C.2460</u> <u>10 U.S.C.2466</u>	MS B MS C (if no MS B)
Competition Analysis (\$3M rule) (part of acquisition strategy)	<u>10 U.S.C.2469</u>	MS B MS C (if no MS B)

**Table 2 -- Regulatory Information Requirements**

<b>Information Required</b>	<b>When Required</b>
Validated Mission Need Statement (MNS) (source: CJCS Instruction 3170.01A)	MS A
Validated Operational Requirements Document (ORD) (source: CJCS Instruction 3170.01A)	MS B MS C
Acquisition Strategy	Component Advanced Development DR (if Program Initiation) MS B MS C Full-Rate Production DR
Analysis of Multiple Concepts	MS A
Analysis of Alternatives (AoA)	MS B MS C (if no MS B)
Independent Technology Assessment	MS B MS C
C4ISP (also summarized in the acquisition strategy)	Component Advanced Development DR (if Program Initiation) MS B MS C
C4I Supportability Certification	Full-Rate Production DR
Interoperability Certification	Full-Rate Production DR
Affordability Assessment	MS B MS C
Economic Analysis (MAISs only)	MS B
Component Cost Analysis (mandatory for MAIS; as requested by CAE for MDAP)	MS B (for MAIS, each time the MDA requests an Economic Analysis Full Rate Production DR (MDAPs only)
Cost Analysis Requirements Description	MS B MS C Full Rate Production DR
Test and Evaluation Master Plan (TEMP)	MS A (evaluation strategy only) MS B MS C (update, if necessary) Full Rate Production DR
Operational Test Activity Report of Operational Test and Evaluation Results	MS B MS C Full Rate Production DR
Program Protection Plan (PPP) (also summarized in the acquisition strategy)	MS B (based on validated requirements in ORD) MS C
Exit Criteria	MS A MS B MS C Each Review
ADM	MS A MS B MS C Each Review

**Table 3 -- Mission Critical/Mission Essential IT Requirements**

Mission-Critical and Mission-Essential Information Systems  As required by Sec. 8102(b) of the DoD Appropriations Act, 2001 (Pub.L.106-398, Section 811):	Mission Critical (MC) or Mission Essential (ME)						Non-MC or ME			DoD 5000.2, Change 1 <u>Sections</u>
	NSS MDAP (MC)	NSS (non-MDAP) (MC or ME)	AIS (MC or ME)	MAIS (ME)	IT System (non-program) (ME)		NSS (lower than ACA T I or IA)	AIS (lower than ACA T I or IA)	IT System (non-programs)	
Comply with CCA	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	4.7.3.2.3.2 thru 4.7.3.2.3.2.4 and 4.7.3.3.3.2 thru 4.7.3.3.3.2.2
Confirm CCA Compliance to MDA	Yes	Yes	Yes	Yes	Yes	No	No	No	No	4.7.3.2.3.2 thru 4.7.3.2.3.2.4
Certify CCA Compliance to DoD CIO	No	No	No	Yes	No	No	No	No	No	4.7.3.2.3.2 thru 4.7.3.2.3.2.4
Register System with DoD CIO	Yes	Yes	Yes	Yes	Yes	No	No	No	No	4.7.3.2.3.2.1.11
No contracts awarded until:  1) System is registered with DoD CIO  2) DoD CIO determines information assurance strategy is appropriate  3) System being developed IAW CCA	Yes	Yes	Yes	Yes	Yes	No	No	No	No	4.7.3.1.5 and 4.7.3.1.5.1

PMs may submit mandatory information as stand-alone documents or as a single document. If the PM submits stand-alone documents, the PM shall not redundantly include the same information in each document.

A further breakdown of IT program information types by DoD 5000.2-R reference document is presented below.

**Mapping of IT Acquisition References to  
Program Information Types Within DoD 5000.2-R**

<b>Program Information Type (DoD 5000.2-R)</b>	<b>Reference *</b>
Acquisition Approach	1
Acquisition Strategy	1, 12
Affordability	2, 6, 10, 21
Analysis of Alternatives (AOA)	3, 5, 20
Acquisition Program Baseline	1, 5, 6, 7, 8, 9, 10
Cost As An Independent Variable	4, 5, 6
Clinger-Cohen Act	1, 5, 10, 11, 20, 21, 22, 27, 33
CIO Review (Statute/Regulation)	2, 3, 4, 6, 20, 21
Cost	2, 9
CPR, C/SSR, CFSR	13, 14, 15, 16, 17, 34,
Critical Program Information (CPI)	23, 29
Decision Points	1, 5
Earned Value Management System	14, 15, 16, 17, 34
Economic Analysis (EA)	3, 4, 5
Executive Review Procedures	1
Exit Criteria	1, 5, 8
Global Information Grid Compliance	20
Goals (Program)	3
Information Assurance	19
Information Assurance Requirements	23, 28, 30
Integrated Contract Performance Mgmt	13
Internal Management Control	1, 30, 31, 32
Interoperability (System)	3, 6, 8, 24, 25, 26, 27
Interoperability (Information)	3, 5, 6, 8, 24, 25, 26, 27
IT Program Deviations	10
JROC-related	6, 9
Life Cycle Support Oversight	1, 31, 32
Life Cycle Cost Estimate (LCCE)	3
OSD T&E Oversight List	18, 19
Operational Test and Evaluation	1, 5, 18, 19
Performance Parameters	6, 7, 10, 24, 25, 26
Program Assessments (Milestone/DAES)	2, 10, 23, 30, 33
Program Cost Estimates	2, 9, 35
Program Information	1, 10
Record Keeping	31
Resource Estimates	1
Schedule	2, 9
System Engineering Process	6, 23, 35
Technology Protection	23

**\*Long Title of Acquisition References Applicable to IT Programs  
Incorporated into DoD 5000.2-R (with Paragraph Citations)**

- (1) DoD Instruction 5000.2, "Operation of the Defense Acquisition System," October 23, 2000 - c1.4.7, c2.4.1, c2.8.8, c4.5.1.1, c4.5.1.2, c7.2.1, c7.2.2.3, c7.3.1.2, c7.4.2, c7.7.1, c7.14.1
- (2) Office of Management and Budget (OMB) Circular No A-11, "Preparation and Submission of Budget Estimates," July 19, 2000 - c4.4.3
- (3) Section 3506 of Title 44, United States Code, "Federal agency responsibilities" (amended by Public Law 104-13, Paperwork Reduction Act (PRA) of 1995) - c1.1, c4.3.1, c4.5.2.2, c5.2.3.5.11, c6.3.3
- (4) Section 306 of Title 5, United States Code, "Strategic Plans" (part of Government Performance and Results Act (GPRA)) - c1.3.1
- (5) Section 1423 of Title 40, United States Code, "Performance and Results-Based Management," known as Section 5123 in Public Law 104-106, "Clinger-Cohen Act (CCA) of 1996" - c1.3.1, c4.3.1, c4.5.1.5, c4.5.2.2, c6.3.3, c7.4
- (6) Chairman of the Joint Chiefs of Staff (CJCS) Instruction 3170.01B, "Requirements Generation System," April 15, 2001 - c1.3.2, c4.4.2, c5.2.2.1, c5.2.3.5.11.1, c6.3.1, c7.9.1, c7.9.3
- (7) Section 2435 of Title 10, United States Code, "Baseline description" - c1.4.1, c1.4.3.1.1
- (8) Section 2220 of Title 10, United States Code, "Performance based management: acquisition programs," Paragraph (a), "Establishment of Goals" - c1.4.1, c1.4.2.1, c7.4.1
- (9) Section 181 of Title 10, United States Code, "Joint Requirements Oversight Council" - c1.4.3.2, c1.4.3.3.2
- (10) Section 1427 of Title 40, United States Code, "Significant Deviations," known as Section 5127 in Public Law 104-106, "Clinger Cohen Act (CCA) of 1996" - c1.4.6, c7.15.6.2
- (11) Section 811 of Public Law 106-398 ("FY 01 Authorizations Act"), "Acquisition and Management of Information Technology" - c1.4.7
- (12) Federal Acquisition Regulation (FAR), Part 39, "Acquisition of Information Technology," Section 39.103, "Modular contracting," current edition - c2.9.3.1
- (13) American National Standards Institute (ANSI)/EIA Standard for Earned Value Management Systems (ANSI/EIA-748-98), Approved May 19, 1998 - c2.9.3.4
- (14) Defense Federal Acquisition Regulation Supplement (DFARS), Clause 252.234-7000, "Notice of Earned Value Management System," current edition - c2.9.3.4.2



- (15) Defense Federal Acquisition Regulation Supplement (DFARS), Clause 252.234-7001, "Earned Value Management System," current edition - c2.9.3.4.2
- (16) Defense Federal Acquisition Regulation Supplement (DFARS), Clause 252.242-7005, "Cost/Schedule Status Report," current edition - c2.9.3.4.3
- (17) Defense Federal Acquisition Regulation Supplement (DFARS), Clause 252.242-7006, "Cost/Schedule Status Report Plans," current edition - c2.9.3.4.3
- (18) Director, Operational Test and Evaluation (DOT&E) Memo, "Designation of Programs for OSD Test and Evaluation (T&E) Oversight," current edition - c3.3
- (19) DoD Instruction 5200.40, "DoD Information Technology Security Certification and Accreditation Process (DITSCAP)," December 30, 1997 - c3.5.8, c5.2.3.5.6.4.5, c5.2.3.5.14, c6.6, c6.6.2.3
- (20) Section 1401 et seq. of Title 40, United States Code, "Clinger-Cohen Act of 1996" - c4.3.3, c7.3.2.1, c7.3.2.2
- (21) Section 1422 of Title 40, United States Code, "Capital Planning and Investment Control," known as Section 5122 in Public Law 104-106, "Clinger-Cohen Act (CCA) of 1996" - c4.4.3
- (22) Section 2434 of Title 10, United States Code, "Independent cost estimates; operational manpower requirements" - c4.5.1, c4.5.1.4
- (23) DoD Manual 5200.1-M, "Acquisition Systems Protection Program," March 16, 1994 - c5.2.2.4, c6.7.4
- (24) DoD Directive 4630.5, "Compatibility, Interoperability, and Integration of Command, Control, Communications, and Intelligence (C3I) Systems," November 12, 1992 - c5.2.3.5.11, c5.2.3.5.11.1, c6.3.3
- (25) DoD Directive 4630.5, "Procedures for Compatibility, Interoperability, and Integration of Command, Control, Communications, and Intelligence (C3I) Systems," November 18, 1992 - c5.2.3.5.11, c5.2.3.5.11.1, c6.3.1, c6.3.3
- (26) Chairman of the Joint Chiefs of Staff (CJCS) Instruction 6212.01B, "Interoperability and Supportability of National Security Systems and Information Technology Systems," May 8, 2000 - c5.2.3.5.11, c5.2.3.5.11.1, c6.3.1, c6.3.3
- (27) Section 5202 of Public Law 104-106, the Clinger-Cohen Act (CCA) of 1996, "Incremental Acquisition of Information Technology" - c5.2.3.5.11
- (28) DoD Directive 5200.28, "Security Requirements for Automated Information Systems (AISs)," March 21, 1988 - c5.2.3.5.14
- (29) DoD Directive 5200.39, "Security, Intelligence, and Counterintelligence Support to Acquisition Program Protection," September 10, 1997 - c6.7.4

(30) Section 3101 et seq. of Title 44, United States Code, "Records Management by Federal Agencies" - c7.8

(31) DoD Directive 5000.1, "The Defense Acquisition System," October 23, 2000 - c7.14.1

(32) DoD Directive 5010.38, "Management Control (MC) Program," August 26, 1996 - c7.14.1

(33) Section 2220 of Title 10, United States Code, "Performance based management: acquisition programs," Paragraph (c), "Performance Evaluation" - c7.15.6.1.1

(34) DoD 5010.12-L, "Acquisition Management Systems and Data Requirements Control List," October 1, 1997 - c7.15.7.2, c7.15.7.3, c7.15.7.4

(35) MIL-HDBK-881, "Work Breakdown Structure," January 2, 1998 - c5.3.1